# Weekly Economic Review

## Strong momentum for manufacturing sector

### Manufacturing Shipments

**Factory sales boosted by petroleum shipments**

Alberta's manufacturing sector posted strong growth to end 2017. The value of manufacturing shipments rose 1.2% month-over-month (m/m) to $6.2 billion, the fifth consecutive monthly increase. Sales were up in nine industries, led by petroleum and coal products, machinery, and primary metal industries. Since June, petroleum and coal prices have increased 15%, which has lifted refinery sales (Chart 1). Meanwhile, volumes of primary metals, such as steel pipe used in the oil and gas industry, continue to make a strong recovery from the low in July 2016. Wood products remained elevated in the second half of the year, supporting the overall improvement in manufacturing activity. In 2017, manufacturing sales bounced back 14% from 2016 to reach $71.3 billion.

### Non-residential Construction Price Index

**Construction costs rise in the fourth quarter**

After two years of declines, contractors' prices reversed course in 2017. Hurricane rebuilding efforts in the southern US continued to drive up prices for construction materials and lifted the cost of construction in major cities across the country, including Calgary and Edmonton. Alberta's non-residential building construction price index (NCPI) rose 1.2% year-over-year (y/y) in the fourth quarter of 2017 following an increase of 0.9% y/y in the third. Annually, the NCPI rose 0.5% in 2017 following back-to-back declines in the previous years. This annual gain was lifted by higher institutional and commercial building costs, while industrial costs continued to decline.

### Resale Housing

**Activity pulls back after spike**

Activity in Alberta resale housing market cooled after hitting a three-year high in December. Seasonally adjusted home sales dropped 13% m/m to 4,971 units in January. The monthly decline came on the heels of a jump in activity in December when buyers rushed into the market before the new mortgage rules took effect in January. While sales slowed, average resale house prices regained ground, increasing to $392,340. This was 2.2% above the recession low set in January 2016.

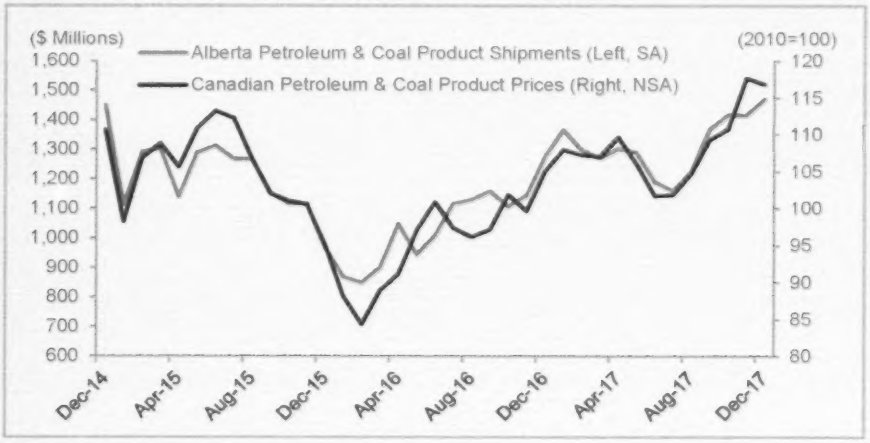
### Employment Insurance

**EI claims falls**

The number of Albertans filing for Employment Insurance (EI) and receiving regular EI benefits declined in December. EI claims dropped 7.8% m/m to 24,570 after increasing in the previous two months. Compared to last December, claims were down 16%, as fewer initial and renewal claims were submitted. Meanwhile, the number of EI beneficiaries has fallen significantly over the last year (-34% y/y), with all economic regions and nearly all occupations seeing a decreasing number of recipients.

Chart 1: Prices lift the value of petroleum and coal in Alberta

Petroleum and coal manufacturing shipments and prices




**Source:** Statistics Canada

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Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.


Alberta Government

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